

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 L-02 NSC-07 CIAE-00 INR-10 NSAE-00

PA-01 RSC-01 USIA-04 PRS-01 SP-02 EB-03 STR-01 COME-00

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FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC PRIORITY 415

LIMITED OFFICIAL USE GEORGETOWN 1813

E.O. 11652: N/A

TAGS: EINV, EMIN, GY

SUBJECT: GOG PROHIBITS EXPORT BY REYNOLDS OF CHEMICAL GRADE AND
CALCINED BAUXITE

1. ON MONDAY, 10/7, MINISTER OF ENERGY AND NATURAL RESOURCES,
HUBERT JACK ISSUED FOLLOWING ORDER:
QUOTE-REGULATIONS MADE UNDER THE BAUXITE (PRODUCTION LEVY) ACT
1974 (NO. 29 OF 1974) IN EXERCISE OF THE POWERS CONFERRED UPON ME
BY SECTION 14 OF THE BAUXITE (PRODUCTION LEVY) ACT 1974, I HEREBY
MAKE THE FOLLOWING REGULATIONS:-

(1) THESE REGULATIONS MAY BE CITED AS THE BAUXITE (RESTRICTION ON
EXPORTATION) REGULATIONS 1974, AND SHALL COME INTO OPERATION FORTH-
WITH.

(2) IN THESE REGULATIONS- "COMPTROLLER" MEANS THE COMPTROLLER OF
CUSTOMS AND EXCISE AND INCLUDES AN OFFICER OF THE DEPARTMENT OF
CUSTOMS AND EXCISE; "EXPORT" MEANS TO TAKE OR CAUSE TO BE TAKEN OUT
OF GUYANA.

3. EXCEPT WITH THE PERMISSION OF THE MINISTER, WHERE A BAUXITE
PRODUCER IS IN DEFAULT OF PAYMENT OF THE PRODUCTION LEVY INCLUDING
ANY PROVISIONAL QUARTERLY PAYMENT, WHICH IS DUE AND PAYABLE UNDER
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THE ACT TO THE COMMISSIONER BY THE BAUXITE PRODUCER, NO CALCINED

BAUXITE OR CHEMICAL GRADE BAUXITE WON OR EXTRACTED IN GUYANA BY THE BAUXITE PRODUCER SHALL BE EXPORTED BY ANY PERSON. WHOMSOEVER.

4. IT SHALL BE LAWFUL FOR THE COMPTROLLER, OR THE COMMISSIONER, OR ANY MEMBER OF THE POLICE FORCE, OR ANY OTHER PERSON AUTHORISED IN WRITING IN THAT BEHALF BY THE MINISTER, TO ENTER, OR BOARD, AND INSPECT ANY PREMISES OR VESSEL, AS THE CASE MAY BE, WITH A VIEW TO SECURING COMPLIANCE WITH THESE REGULATIONS.

5. FOR THE PURPOSE OF SECURING COMPLIANCE WITH THESE REGULATIONS, THE BAUXITE PRODUCER OR ANY PERSON EMPLOYED IN THE UNDERTAKING CARRIED ON BY THE BAUXITE PRODUCER SHALL PRODUCE TO ANY PERSON MENTIONED IN REGULATION 4 SUCH BOOKS, ACCOUNTS OR OTHER DOCUMENTS RELATING TO THE UNDERTAKING AS ANY SUCH PERSON MAY REQUIRE, FROM TIME TO TIME.

6. ANY PERSON WHO OBSTRUCTS OR IMPEDES ANY PERSON MENTIONED IN REGULATION 4 IN THE EXERCISE OF HIS FUNCTIONS UNDER REGULATION 4, OR REFUSES OR FAILS TO PRODUCE ANY BOOK, ACCOUNT OR OTHER DOCUMENT WHICH THAT PERSON IS REQUIRED TO PRODUCE UNDER REGULATION 5, SHALL BE LIABLE ON SUMMARY CONVICTION TO A FINE OF TEN THOUSAND DOLLARS. UNQUOTE.

2. COMMENT: REGULATION HAS IMMEDIATE EFFECT OF TYING UP EXPORT OF 3,500 TONS CALCINED BAUXITE AND 1,392 TONS CHEMICAL GRADE NOW LOADED ON TWO CARRIERS. CALCINED WAS DESTINED FOR ELTRA CORPORATION, BALTIMORE ON VESSEL (M/V WITSHOAL) CHARTERED FROM CARIBBEAN STEAMSHIP COMPANY. CHEMICAL ALSO DESTINED FOR BALTIMORE, ABOARD M/V ATLAN ZAFIRO CHARTERED FROM ATLEND LINE BY HOLLAND CHEMICAL COMPANY. WE UNDERSTAND UNOFFICIALLY THAT BOTH SALES ON F.O.B. BASIS. TWO OTHER VESSELS NOW UNLADEN IN THE BERBICE HAVE PERMISSION TO DEPART GUYANA WITHOUT CARGO. ONE OBVIOUS REASON FOR GOG LIMITATION OF EMBARGO ONLY ON CALCINED AND CHEMICAL GRADE, IS TO ALLOW REYNOLDS TO CONTINUE PRODUCTION OF METAL GRADE AND THEREBY INCREASE GOG TAX LIABILITY. ANOTHER REASON IS HIGHER VALUE PER TON OF CALCINED AND CHEMICAL GRADE. IF AND WHEN GOG CONFISCATES REYNOLDS' GUYANA ASSETS, THERE WILL BE THAT MUCH MORE BOOTY.

3. IN ANNOUNCING THE EXPORT PROHIBITION JACK EXPLAINED ACCORDING TO GOG INFORMATION SERVICE QUOTE...ACTION RESULTS IN THE WITHDRAWAL LIMITED OFFICIAL USE

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OF GOVT'S CONCESSION TO REYNOLDS TO EXPORT CALCINED AND CHEMICAL GRADE BAUXITE, BOTH OF WHICH BAUXITE STREAMS ARE NOT SUBJECT TO THE PRODUCTION LEVY, UNQUOTE. COMMENT: SECTION 14(A) IMPLICITLY APPLIES TO ALL FORMS OF BAUXITE, AND AS DEPT. WILL NOTE, IN SCHEDULE, PART II, SECTION 1; LEVY APPLIES TO QUOTE ALL BAUXITE OR LAERITE PRODUCED LESS REBATES..UNQUOTE, FOR CALCINED AND CHEMICAL GRADE.

4. EMBASSY SOURCES NOTED THAT LOADED VESSELS MENTIONED PARA TWO WERE

READY FOR DEPARTURE BEFORE OCTOBER 5 DEADLINE, BUT WERE HELD UP BY
GOG ON CUSTOMS TECHNICALITIES. THIS GIVES RISE TO SPECULATION THAT
EXPORT OF CALCINED AND CHEMICAL SPECIFICALLY BANNED BECAUSE THAT
WAS TYPE OF BAUXITE IMMEDIATELY AVAILABLE FOR SHIPMENT, IN
ADDITION TO REASONS GIVEN PARA TWO. EMBASSY CONSIDERS IT UNLIKELY
THAT GOG WILL IN FINAL ANALYSIS ALLOW REYNOLDS TO EXPORT ANY PRODUCT
WITHOUT PAYMENT OF TAX DUE.

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